

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 1406-04
Bill No.: Truly Agreed to and Finally Passed SCS for HCS for HB 380
Subject: Secretary of State: Securities
Type: Original
Date: June 3, 2003

COMMITTEE ON LEGISLATIVE RESEARCH
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FISCAL NOTE

LR No.: FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Secretary of State- Securities Division** assume no fiscal impact.

Officials of the **Office of Attorney General** assume no fiscal impact.

Officials of the **Office of State Courts Administrator** assume no fiscal impact to the Courts.

Officials of the **Departments of Labor and Industrial Relations** and **Insurance** assume no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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	\$0	\$0	\$0
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This bill substantially revises and modernizes the securities regulation laws, incorporating many provisions of the Uniform Securities Act. In its main provisions, the bill:

- (1) Authorizes the Secretary of State to seek court orders requiring violators to disgorge illicit profits, pay restitution, and pay into the Investor Education and Protection Fund, which the bill establishes;
- (2) Increases criminal fines to \$1 million;
- (3) Requires banks with on-premise brokerage firms to comply with federal rules;
- (4) Modernizes, simplifies, and broadens exemptions from securities registration with the state;
- (5) Promotes consistency with other states and the Securities and Exchange Commission in the definition of "security";
- (6) Authorizes civil prosecution of individuals who materially aid in violations; and
- (7) Adds civil penalties of \$10,000 for one violation and up to \$1 million for more than one violation.

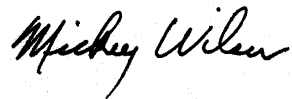
This legislation is not federally mandated, would not duplicate any other program and would not

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require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Secretary of State- Securities Division
Office of Attorney General
Office of State Courts Administrator
Department of Labor and Industrial Relations
Department of Insurance

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
June 3, 2003

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